

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

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TO SECSTATE WASHDC 6594

INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SEOUL 2758

E.O. 11652: N/A

TAGS: ETRD JA KS

SUBJECT: DETAILS OF ROK-JAPAN SILK SETTLEMENT

REF: SEOUL 2688

SUMMARY: ROK-JAPAN NEGOTIATORS HAVE CONCLUDED TWO DAYS OF DIS-

CUSSIONS IN WHICH THEY HAVE FIXED THE DETAILS OF THE OVERALL
SETTLEMENT REPORTED REFTEL. BOTH SIDES AGREED THAT ROK RESTRAINTS
ARE "VOLUNTARY" AND TO TERMINATE AFTER 12 MONTHS, BY WHICH TIME
ECONOMIC RECOVERY IN JAPAN SHOULD PERMIT ABANDONMENT OF RE-
STRAINTS. ROK OFFICIALS CLAIM THEIR "WAR OF NERVES" WAS EFFEC-
TIVE AS A MEAN OF BRINGING THE DISPUTE TO A REASONABLE CON-
CLUSION, BUT REFLECT THAT THE PUBLIC UPROAR HAD GOTTEN OUT OF
HAND JUST BEFORE SETTLEMENT WAS REACHED. END SUMMARY.

1. BOTH SIDES AGREED THAT THE APRIL TO DECEMBER RESTRAINT LEVEL
OF 32,600 BALES (OF 60 KG'S. EACH) (REPORTED REFTEL) WILL BE
44 PERCENT RAW SILK AND 56 PERCENT THROWN SILK YARN. ACCORDING
TO ROKG OFFICIALS, THE SAME DIVISION WOULD APPLY TO THE 10,650
BALE FIGURE AGREED FOR 1ST QUARTER 1976, WHICH IS TO BE A MIN-
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IMUM SUBJECT TO UPWARD REVISION IN CONSULTATIONS DURING THE LAST QUARTER OF 1976.

2. ACCORDING TO MCI OFFICIALS, THE JAPANESE SIDE ACCEPTED THE ROK SHIPMENT BASED FIGURE FOR 1975 AS THE RESTRAINT LEVEL FOR THE PERIOD APRIL THRU MARCH 1977. THEREFORE, THE AGREED LIMIT IS 12,466,000 SQUARE METERS OF ALL TYPES OF PURE SILK FABRIC (BTN 5009) WITH ONLY OHIMA TSUMUGI (PONGEE) DESIGNATED AS A SUB-QUOTA OF 40,000 PIECES (EACH OF APPROXIMATELY 12 SQUARE METERS).

3. THE KOREAN SIDE INSISTED THAT THE CONTROLS BE VOLUNTARY AND THAT IT

CONTROL THE ISSUE OF APPROPRIATE EXPORT VISA CERTIFICATES WHICH THE JAPANESE AGREED TO ACCEPT ON SIGHT. BOTH SIDES AGREED THAT THE RESTRAINTS ARE TO BE SOLELY FOR 12 MONTHS BY WHICH TIME IT IS HOPED THAT JAPANESE MARKET RECOVERY WILL PERMIT THEIR REMOVAL.

4. ROK OFFICIALS NOTED THE IMPORTANCE OF THE PRESENCE OF THE JAPANESE VICE-MINISTERS OF THE MINISTRY OF AGRICULTURE AND FISHERIES AND OF THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY WHO, PROVIDED FIRST HAND BRIEFINGS TO ROK POLITICAL LEADERS ON SUCH SUBJECTS AS LDP PRE-ELECTION NEEDS AND NECES-SITY OF ATTAINING A CEILING ON FABRICS TO USE AS A LEVER IN RESTRAINT NEGOTIATIONS WITH THE PRC, WHICH IS THE PRINCIPLE FACTOR IN JAPANESE FABRIC PROBLEMS. OFFICIALS NOTED THE LENGTH OF TIME REQUIRED TO ACHIEVE A COMPROMISE AND CLAIMED EFFECTIVE-NESS FOR THEIR "WAR OF NERVES" IN "BRINGING THE GOJ TO A REASON-ABLE POSITION". HOWEVER, THEY NOTED THAT THE PUBLIC UPROAR IN KOREA HAD GOTTEN OUT OF HAND JUST BEFORE THE OVERALL AGREE-MENT WAS REACHED, AND, THEREFORE, TYWEY WERE PARTICULARLY RELIEVED THAT DISCUSSIONS HAVE BEEN CONCLUDED. PRESS REPORTS HAVE RECEDED TO INSIDE PAGES SINCE APRIL 11, AND ROKG HAS ADVISED MEDIA THAT THE MATTER IS CLOSED.

5. EMBASSY COMMENT; SIC SEMPER SERICULTURUS.
SNEIDER

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